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The SBA New York District encompasses the area of New York City, Long Island and the downstate counties of Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster and Westchester.

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John J. Miller, Editor

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## Lights Brightened Again for Small Business after 9/11



*Rob Halle of RGH Lighting attends to business in the warehouse.*

**New York, NY—** A farm boy from Wisconsin, Rob Halle never predicted he would have become a successful entrepreneur within the high-fashion photography industry of New York City. He also never would have anticipated overcoming the level of disaster that almost destroyed his business after 9/11.

After earning a master's degree in production management from the University of Wisconsin, Halle moved to Los Angeles in 1976 to put his knowledge into practice. For the next five years he worked for an international theatre, film and television equipment supply company. He then relocated to New York in 1981 to work for a lighting-industry manufacturer.

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After a year Halle decided he wanted to strike out on his own and in 1982 incorporated RGH Lighting, Inc. and opened a store in the West Village offering full-service lighting and equipment rentals. Over time, RGH became well-established within the fashion industry and thrived on cover shoots for magazines such as Vogue, Victoria's Secret and Revlon. RGH also developed a reputation throughout the tri-state area for its personalized attention and service to photographers, major studios, and production companies. By 2001, the company had grown to eighteen employees, but any anticipated future growth came to a screeching halt on September 11<sup>th</sup>.

Halle recalls standing at the corner of  
*(Cont'd on page 2)*

### **Lights Brightened Cont'd...**

Leroy and Greenwich Streets together with his employees watching the towers crumble. Putting thoughts of his business' survival aside, Halle volunteered his company's trucks around the clock for the next four weeks to deliver supplies, food, and rescue workers to ground zero. Unfortunately, while Halle was volunteering his company's assets in the relief effort, his business was collapsing around him. His major photo clients, models, and photographers feared working in the city and took their business out of town, and RGH's business plummeted by ninety percent. Bills continued to pile up and Halle was unable to pay his employees, rent and insurance.

Fortunately, Halle learned of the 9/11 disaster assistance offered by the U.S. Small Business Administration and applied for its Disaster Recovery Loan. He described sitting in the mid-town SBA office sharing stories and sorrows with other businessmen.

As he described it, "I sat in the waiting room with seven grown men and cried, sharing our personal loss and the loss of so many lives." Just a week later, an SBA representative met with Halle and provided him with a check --- and a hug. Halle recalled, "Her eyes reached out to me with compassion and care."

With the SBA's quick turnaround on Halle's loan application, RGH Lighting bounced back. In fact, the company did so well that in 2006 Halle relocated his operation to the photography district off West 54<sup>th</sup> Street.

By 2007, Halle had sixteen full-time employees and six contractors.

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He purchased new trucks, equipment, a warehouse and studio space in Brooklyn.

This past February, RGH merged with Scheimflüg, a digital-capture company, and their combined capabilities created a unique synergy that increased business by 20 percent. The new owner and president of the combined operations, John Engstrom, said the business is now poised for an exciting period of expansion and growth and anticipates revenues of several millions due to the merger. Halle transitioned to senior vice president of the company and concentrates on building the brand and providing high-quality service to clients in a rapidly changing industry.

Halle attributed part of RGH's resurgence to the SBA. He said, "Without the loan, I would have shut my doors, dissolved my business and left the city broke and in debt. Instead, with the help of the SBA, I grew my company back to the point where it became not only successful, but an attractive merger opportunity for another company. I thank the SBA and feel nothing but great, genuine compassion."

With its lights shining brightly again throughout the city, RGH's resurgence is metaphor for the city's resiliency post 9/11.

*—by DeAnn Misilmeri*

### **SSA/IRS Reporter — An Essential Resource for Business**

The *SSA/IRS Reporter* is a joint effort between the Social Security Administration and the IRS to communicate messages to businesses with employees that support trust fund, employment tax, and business compliance, with an emphasis on educating and encouraging these stakeholders to file their taxes electronically.

The Reporter carries general information about best payroll and employment tax practices and SSA products and services, such as changes in forms for reporting employee wages, W-2 Online, SSA filing procedures and Business Services Online. It also includes timely information from the Department of Labor, Department of Justice, Health and Human Services, and other government agencies.

To start your free subscription to e-News, just go to IRS.gov at <http://www.irs.gov/businesses/small/content/0,,id=154826,00.html>.

### **Two New SBA Online Courses Remove the Mystery to SBA Lending and Preparing a Loan Package**

The SBA introduced two new free online finance courses to help small business owners with the basic principles of finance and borrowing. Visit the new self-paced courses, *Finance Primer: Guide to SBA's Loan Guaranty Programs* at <http://app1.sba.gov/sbtn/registration/index.cfm?CourseId=29> and *How to Prepare a Loan Package* at <http://app1.sba.gov/sbtn/registration/index.cfm?CourseId=28>.

### **Upcoming Events**

Looking for low- or no-cost business management training opportunities to start or grow your business...or business networking opportunities? Then be sure to check out our Training Calendar at our Web site: [www.sba.gov/ny/ny](http://www.sba.gov/ny/ny).

## Economic Stimulus Act of 2008 Benefits Small Business

by Michael Pappas

Those economic stimulus checks we received from the IRS are an important part of the Economic Stimulus Act of 2008, but for small businesses, there are other provisions in the law with the potential for far greater benefit.

The most important thing to remember about the act's small business benefits is that the special bonus depreciation provision expires at the end of 2008 and the Section 179 expensing provision expires at the end of your business tax year that begins in 2008. Time is definitely of the essence to take advantage of these opportunities.

The act allows far more depreciation deductions on purchases of most types of tangible property and computer software bought this year. These deductions reduce the taxable income of the business or its owners, with the potential to dramatically reduce your 2007 or 2008 business tax year liability. This means you will recover a far larger portion of the price of property placed in service this year through tax savings than you normally would. Your business will benefit from the additional productivity from the new machinery or equipment, you will benefit from the tax savings, and the economy will benefit from the additional economic activity your investment generates. Talk about have your cake and eat it too!

The additional deductions fall in two categories: Section 179 expensing and a Special Depreciation Allowance. Section 179 of the tax code allows businesses to write off investments in eligible property immediately instead of depreciating it over time.

The normal limit for the Section 179 write-off is \$128,000 total for your business tax year, but for eligible property purchased and placed in  
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## New York District Top Ten Lenders

10/01/07-07/31/08

(By number of loans)

Lender	No. of Loans	Amt.
JP Morgan Chase	1,260	\$62,894,400
Bank of America	329	\$11,471,900
Innovative Bank	246	\$6,365,000
Banco Popular, North America	235	\$13,357,600
Empire State Certified Dev. Corp.	148	\$101,136,000
Citibank	122	\$8,465,000
BNB Bank	116	\$24,929,000
Washington Mutual	114	\$4,494,500
Capital One	76	\$3,410,000
Manufacturers & Traders Trust	76	\$11,193,000

## New York District FY07 Lender Award Winners

### Special Achievement Award

	Total Loans
NY Association for New Americans (#1 Micro Lender)	110
JPMorgan Chase N.A. (#1 Lender to Veterans)	57
Bank of America (#1 504 First-Mortgage Lender)	30
BNB Bank N.A. (Total Loans - Small Bank Category)	180

### Bronze Award (50 - 99 Loans)

Sovereign Bank	54
Long Island Dev.Co./Greater New York Development Co.	63
Commerce Bank, N.A.	66
North Fork Bank (A division of Capital One Bank)	66
RBS Citizens, N.A.	73

### Silver Award (100-199 Loans)

Flushing Savings Bank FSB	105
HSBC Bank USA	118
Manufacturers & Traders Trust Co.	130
Innovative Bank	171
BNB Bank, N.A.	180

### Gold Award (200 - 499 Loans)

Capital One National Association	245
Washington Mutual Bank	288
Citibank, N.A.	446
Banco Popular North America	451

### Platinum Award (500-Plus Loans)

Bank of America, N.A.	972
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### Pinnacle Award (Most 7a and 504 Loans)

Empire State Certified Development Corporation (504)	134
JPMorgan Chase, N.A. (7a)	1,868



## Economic Stimulus Cont'd...

service in your business tax year beginning in 2008, the limitation is almost doubled to \$250,000. The \$250,000 deduction amount is reduced only when a business purchases more than \$800,000 of eligible property.

Let me repeat that: for an eligible company and property, you will be able to write off completely against your taxable income up to \$250,000 of investment in property you place in service in the 2008 tax year so long as you do not purchase more than \$800,000 of eligible property that year. This can create a tremendous cash flow advantage to you and your business.

The second provision of the act is the Special Depreciation Allowance. This allowance is in addition to the Section 179 write off and allows the business to take depreciation of 50 percent of the cost of the property after taking the 179 expense. Then on the 50 percent that is left, you still get to take your full first year depreciation. To qualify for the Special Depreciation Allowance, the original use of the property must begin with the taxpayer after December 31, 2007. In other words, the property must be "new" property.

For the eligible equipment that you buy before the end of this calendar year and after the beginning of your 2008 tax year, you can get up to three deductions in your 2008 tax year. For example, if you purchase and place into service eligible property that costs you \$450,000 on August 1, 2008, and your 2008 business tax year starts July 1, 2008, you can have the 179 expense of \$250,000, the Special Depreciation Allowance of 50 percent of the remainder, \$100,000 and still take the regular first year depreciation on the remaining \$100,000 of basis. On property with a 5-year tax life, that could mean a write-off of \$370,000 in your 2008 business tax year for an investment of \$450,000. If you purchase and place into service this

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same property after December 31, 2008, but still in your 2008 business tax year, you can still take a 179 expense up to a total of \$250,000 on all eligible property purchased in your 2008 tax year.

If you want to really leverage the tax savings, the U. S. Small Business Administration's loan programs are designed to help small businesses grow. Because of the long-term nature of both the 7a and 504 loan programs, your payment on an SBA loan this year could easily be less than the tax savings you receive so you could actually generate cash for your business in 2008 by financing the equipment purchase with an SBA guaranteed loan.

Contact your SBA office to find a

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participating lender in SBA's 7a or 504 loan programs.

The Special Depreciation Allowance also helps with vehicle purchases, increasing the allowable first year depreciation on trucks and vans weighing less than 6,000 pounds to 350 percent of the normal maximum (from \$3,160 to \$11,160) and on automobiles to 370 percent of the normal maximum (from \$2,960 to \$10,960).

As always, there are exceptions. You will need to consult your tax advisor before making any decisions based on the 2008 Economic Stimulus Act. The Section 179 write-off is only available to companies that purchase less than \$800,000 of eligible assets in the tax year and the Section 179 expensing limit for SUVs remains \$25,000. Also, since these allowances are deductions from taxable income, they will only benefit companies that have profits to offset.

The SBA provides a Depreciation Calculator, fact sheet, on-line seminar and links to additional information on the act at <http://www.sba.gov/stimulus/>.

The Internal Revenues Service provides additional in-depth information about the Act at its Web site: <http://www.irs.gov/newsroom/>.

The Small Business provisions of the Economic Stimulus Act of 2008 are an excellent opportunity for you to invest in the equipment you need to take your business to new levels of productivity while providing great cash flow benefits from the tax savings you will experience this year.

*Michael Pappas is the SBA's Region II Administrator*